

Minnesota Housing Finance Agency

[Program Name] Loan

**NOTE**

Date: [Closing Date]

**BORROWER(S)**

[Borrower Full Name 1][Before Borrower 2][Borrower Full Name 2][Before Borrower 3][Borrower Full Name 3][Before Borrower 3][Borrower Full Name 4]

**PROPERTY ADDRESS**

[Property Full Address] in [Property County] County

**LENDER**

[Lender Name] at [Lender Address]

**BORROWER'S AGREEMENT TO PAY**

I agree to pay to the order of the Lender, the amount of \$[Loan Amount] (the "Loan"), plus interest on the unpaid balance at the rate of [Interest Rate]% per year. Interest on the Loan will be calculated using the "simple interest" method. This means that the actual interest I pay will depend on the unpaid balance at the end of each day. Interest starts on the date of this Note and continues until the Loan is paid in full. Beginning on [First Payment Date] and on the same calendar day of each succeeding month until the entire indebtedness has been paid in full, Borrower agrees to pay \$[P&I Amount] in equal installments consisting of principal and interest, over a term of [Loan Term] months. The balance of any remaining unpaid principal plus accrued interest is due and payable on [Maturity Date]. Each installment payment will be applied first to accrued interest and the remainder in reduction of principle due and owing by Borrower on such indebtedness. I will send all of the payments required to the Lender at its address shown above or at such other address as Lender may from time to time give me notice in writing.

**DEFAULT INTEREST RATE**

I acknowledge and understand that the interest rate provided for above is a lower interest rate because I have agreed to have my monthly payments deducted from an account by Automated Clearing House ("ACH"). I understand that after the date of this Note, it may take up to 90 days to set-up the ACH process. During the implementation of the ACH process, I acknowledge and agree that it is my responsibility to make all required payments by alternative methods which are approved by the Lender, or any third party appointed by the Lender to service the Loan (the "Loan Servicer"). I will also promptly comply with all requests, including documentation, from the Lender or the Loan Servicer which are necessary to complete the ACH implementation.

I further acknowledge and understand that in the event three or more payments are rejected or returned through ACH or my participation in ACH is terminated for any reason (all events being defined



as an "ACH Default"), the Lender may immediately and permanently raise my interest rate by 1/4 of 1 percent and require all future payments by another approved method. The Lender may only increase the initial interest rate by 1/4 of 1 percent, regardless of further events that would constitute an ACH Default. I acknowledge and understand, however, that an increase in my interest rate will permanently increase the monthly payments due.

#### **USURY LAWS**

Minnesota has laws which limit how much interest that the Lender can collect from me ("Usury Laws"). I understand that the Lender does not intend to violate applicable Usury Laws. To the extent any interest or other amounts payable pursuant to this Note would be a violation of applicable Usury Laws, the Lender will apply the amount in excess of Usury Laws to the payment of principal of the Loan or, if no principal of the Loan is outstanding, refund the amount in excess of Usury Laws to me.

#### **NO SECURITY INTEREST**

This Note is NOT secured by a mortgage on my residence.

#### **BORROWER MAKES THE FOLLOWING PROMISES:**

1. The property identified above ("my residence") to be improved is my principal residence.
2. My residence is a completed home and is a year-round permanent residence.
3. My residence is permanently attached to the land by way of a foundation and is taxed as real property.
4. I will not use more than 49% of my residence primarily for business purposes.
5. I have at least a one-third interest in my residence, either as owner, as holder of a life estate, or as a buyer under a contract for deed.

#### **PREPAYMENT**

I may prepay part or the entire Loan at any time without a prepayment penalty. However, partial prepayment will not excuse me from paying the required monthly amount as noted above until my loan is paid in full.

#### **ADDITIONAL TERMS**

1. I will be in default if:
  - A. I do not make a payment when due or in the full amount;
  - B. I made misstatements on my loan application;
  - C. I do not keep required insurance on my residence;
  - D. I use my residence for an unlawful purpose;
  - E. An event of default occurs under any mortgage covering my residence;
  - F. I transfer any or all interest in my residence without paying the Loan in full;
  - G. I do not live up to any promise I have made in this Note;
  - H. The residence is not used as my principal residence; or



- I. I fail to comply with any requests made by the Lender or Loan Servicer which are necessary to implement ACH.
2. If I am in default, the Lender may require immediate payment of the unpaid balance of this Note, including the interest I owe. Lender may also exercise any other legal rights that the Lender may have. However, even if I am in default, the Lender does not have to require immediate payment. The Lender may delay enforcing any of the Lender's rights without losing them.
3. I must pay any reasonable attorney's fees, legal expenses, and costs of collection that result from my default (unless prohibited by law).
4. Anyone buying an interest in my residence may not be allowed to assume the remainder of my debt on the original terms unless they obtain the consent of the holder of this Note.
5. No amendment or modification of this Note will be effective unless it is in writing and signed by me and the holder of this Note.
6. No waiver by the Lender of any term or condition of this Note will be valid unless it is in writing and signed by the Lender, nor will any such waiver be deemed a continuing waiver of such term or condition.
7. This Note is binding upon execution and will extend to the parties and their respective successors and permitted assigns.
8. Any notice that must be given under this Note will be given by delivering or mailing, by certified mail, such notice to the address shown above for Lender, or such other address as Lender may designate in writing, and to the Property Address shown above for Borrower.
9. This Note is controlled by the laws of the State of Minnesota.
10. The Lender or an authorized representative of the Lender has the right to inspect my residence at any time from the date of the Note, upon giving reasonable notice to me.
11. I/We certify that the Loan funds will be used only for the eligible improvements listed in the loan application and that the improvements will be completed within nine months from the date of this Note.

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.)



12. I/We understand that the Loan may be selected by the Lender for a quality control review. This review is designed to produce and maintain quality service for borrowers, and to confirm compliance with agency and investor guidelines. The quality control review may involve verification of the credit information (including employment history, income, bank accounts, and credit references) as well as the property valuation. I/We agree to cooperate to the extent necessary to accomplish this review.

## SIGNATURES

### BORROWER SIGNATURE

I agree to all of the terms and have received a copy of this Note.

_____	[Borrower Full Name 1]
Borrower's Signature	Print Borrower's Name
_____	[Borrower Full Name 2]
Borrower's Signature	Print Borrower's Name
_____	[Borrower Full Name 3]
Borrower's Signature	Print Borrower's Name
_____	[Borrower Full Name 4]
Borrower's Signature	Print Borrower's Name

### FOR CO-SIGNER'S USE ONLY:

Co-signer's Name (if any):

[Cosigner Full Name 1] [Cosigner Full Name 2]	
Co-signer's Address:	
[Cosigner Full Address 1] [Cosigner Full Address 2]	
_____	[Cosigner Full Name 1]
Co-signer's Signature	Print Co-signer's Name
_____	[Cosigner Full Name 2]
Co-signer's Signature	Print Co-signer's Name

### TIL and NMLS ID

[Lender Name]	[Loan Officer]
Loan Originator Company Name	Loan Originator Individual Name (as name appears on NMLS)
[Lender Company NMLS ID]	[Loan Officer NMLS ID]
Loan Originator Company NMLS ID	Loan Originator Individual NMLS ID (if applicable)



**ENDORSEMENT TO MINNESOTA HOUSING FINANCE AGENCY**

Without recourse, pay to the order of the Minnesota Housing Finance Agency.

Lender: [Lender Name]

\_\_\_\_\_  
(Signature of Authorized Lender Representative)

By: \_\_\_\_\_  
(Print Name of Authorized Lender Representative)

Its: \_\_\_\_\_  
(Print Title of Authorized Lender Representative)

SAMPLE

